

DESIGNING A TRANSITIONAL JOBS PROGRAM FOR WISCONSIN

A Report to the Secretary of the Department of Workforce Development
by the
Transitional Jobs Task Force

August 1, 2003

In his budget address to the Wisconsin Legislature on February 18, 2003, Governor Jim Doyle announced his intention to develop a transitional jobs program to build upon the state's Wisconsin Works (W-2) program and to increase employment and earnings opportunities for low-income families. On March 6, 2003, Department of Workforce Development (DWD) Secretary Roberta Gassman announced the creation of a task force to advise DWD on strategies for implementing a transitional jobs program as proposed by the Governor. The task force was charged with examining a number of specific issues related to transitional jobs and reporting back to Secretary Gassman by August 1, 2003. *(The document officially creating the task force and outlining issues for the task force to address is attached to this report as Appendix A.)*

The Transitional Jobs Task Force was composed of legislators from both houses and both major political parties as well as representatives of business, labor, community organizations, W-2 agencies and workforce development boards. In addition, the task force included three non-voting research and program experts who served as technical advisors to the group, and liaisons with the state Department of Health and Family Services and the Wisconsin Technical College System Board. The Department of Workforce Development provided staff support. *(A list of task force members, technical advisors and lead DWD staff is attached to this report as Appendix B.)*

After an inaugural meeting on March 14, 2003, during which the task force was addressed by the Governor, the group met monthly from April through June 2003 and twice in July 2003. Task force meetings consisted of presentations by technical advisors and discussions among members, the latter facilitated by DWD staff. The two July meetings focused on drafting recommendations based on the April, May, and June meeting discussions. *(Minutes of all of the task force meetings are available on the task force web site at <http://www.dwd.state.wi.us/transjobs>.)*

The remainder of this report presents the recommendations of the task force with respect to the issues it was instructed to address. For the most part, the report is organized around topic headings that refer to study issues identified in the original instructions to the task force. The report is divided into the following primary sections:

- A. Target population
- B. Attributes of transitional jobs
- C. Service delivery models
- D. Employer recruitment and worksite development
- E. Other implementation issues.

Transitional Jobs Task Force Recommendations

A. Target population

Recommendation: Any individual eligible for placement in W-2 Transitions, a Community Service Job, or a Trial Job should be considered for placement in a transitional job if that individual so chooses.

- W-2 participants most appropriate for placement in transitional jobs would be those whose barriers take the form mainly of skill deficits or problems with personal or work history that interfere with finding and holding employment in the competitive job market.
- Transitional jobs should also be considered a placement option for unemployed W-2 participants designated capable of unsubsidized employment and receiving case management services only, who, upon review thirty days after that placement decision, continue to be unemployed.
- Other participants, such as those with significant personal or family barriers that might normally preclude “real world of work” placements, may be placed in transitional jobs, provided those barriers can be addressed through other program supports in the context of a regular work environment.
- Accommodations for persons with disabilities to participate in transitional jobs should be made in full compliance with the Americans With Disabilities Act.

B. Placement attributes

1. Providing real world of work opportunities for W-2 participants

Recommendation: In addition to being real jobs in a real work environment, transitional jobs should have these specific qualities:

- They should provide opportunities for advancement, either at that site or in a subsequent job, through the planned development of transferable skills.
- They should provide for enhanced supervision and be sufficiently flexible to accommodate participant barriers.
- They should afford participants with the same protections afforded any other worker at that site by state and federal law.

2. Increasing earnings through eligibility for the Earned Income Tax Credit (EITC)

Recommendation: The transitional jobs program should be structured in a way that ensures that participants will be eligible for the Earned Income Tax Credit and any other benefits that accrue to earned income.

- As further detailed under “delivery model” below, the transitional jobs program should allow for the use of “intermediaries,” serving as participants’ employers of record and administrators of participant wage payments, in a manner that clearly preserves participants’ eligibility for the EITC under federal TANF and tax law.
- Specific mechanisms should be in place to assist participants in claiming any tax credits or other wage-related benefits for which the participants may be eligible.

3. Providing additional workplace supports

Recommendation: Transitional jobs should be accompanied by a set of individually-targeted and proactively-delivered vocational supports, in combinations and through plans determined in consultation with participants, including:

- *Before placement:* vocational skills and education needs assessment, orientation, and job-matching through an interview process.
- *During the placement:* job coaching, job mentoring, on-site/on-the-job training, career counseling, and job search assistance.
- *After the placement ends:* job placement, job retention, and job advancement services.

Depending on the locally-determined design details of the program, these supports may be provided by the W-2 agencies, an intermediary, the worksite, or through coordination among all these entities as well as other service providers.

4. Providing for education and training

Recommendation: Opportunities for education and training will be critical to making the transitional job placement a stepping-stone to unsubsidized employment. In order to maximize their effectiveness in doing so, education and training should:

- Be oriented toward and integrated with the performance of the job and the activities of the work site, approached as part of the participant's work assignment, and be incorporated into the work hours for which the participant receives a wage.
- Wherever possible, provide the participant with specific skill certifications or training credentials enabling the participant to advance in the current workplace or be more competitive in the job market; and
- Allow for the same flexible per-week and aggregated annual education and training hours that currently apply to W-2 paid placements.
- Be coordinated with all these objectives through a training plan developed in consultation with the participant and the worksite.

5. Preserving incentives for moving into unsubsidized employment

Recommendation: A participant's placement in any particular transitional job should be limited to six months. At the end of six months, each placement should be reviewed to determine whether it should be extended for an additional three months.

C. Service delivery

1. General service delivery strategy

Recommendation: At this time, transitional jobs should be implemented specifically as a component of the W-2 program.

- It should be funded by Wisconsin's TANF block grant and available to W-2 clients, with W-2 agencies assuming primary responsibility for managing entrance to the program.
- Wisconsin's vital Job Center system and the various workforce programs coordinated through that system are key potential partners in providing transitional jobs. The precise

nature of that partnership should be tailored to regional and local circumstances and needs.

2. Overall delivery model

a. Establishing an “intermediary” role

Recommendation: Implementation of a transitional jobs program should include provisions for an “intermediary” entity—that is, a third party other than the W-2 agency or the actual worksite—to serve as a participant’s employer of record.

- In addition to performing basic payroll administrative functions as employer of record, the intermediary should, at minimum, be responsible for monitoring the quality of the worksite and of the work experience the participant receives at that site, and for reporting on these issues to the W-2 agency and to DWD.
- Based on particular local or regional circumstances, needs, and program design choices, intermediaries may assume additional roles beyond payroll and monitoring, such as coordination of program services to participants at worksites, coordination of employment and training programs, and selected case management functions.
- In order to guard against potential conflicts of interest and maximize incentives to move clients into unsubsidized employment as quickly as possible, intermediaries should not benefit financially from the placement of a participant at a particular worksite.
- Provision for one or more intermediaries in a given region or locality should not preclude recruitment of other employers in that locality or region willing to provide worksites directly.

b. Assigning other primary service delivery roles

Recommendation: Performance of particular service delivery roles should be given maximum possible flexibility to vary by region and locality. In general, however:

- W-2 agencies should retain responsibility for initial assessment and referral, ongoing case monitoring, and coordination of supportive services such as child care, food stamps, medical assistance, and transportation assistance. W-2 agencies should also cooperate with local Job Centers, any relevant intermediary entity, and the worksite in provision of employment and training supports.
- Intermediaries, employers and worksites should work with local Job Center partners to develop a specific set of education and training services associated with transitional jobs, tailor those services to the assessed needs and circumstances of particular participants, and deliver those services through the combination of providers most appropriate in a given region or locality.
- DWD should set standards and expectations for intermediaries and worksites, in consultation with local partners. DWD should also continue to perform overall program monitoring and provide specific assistance to regional workforce development boards (WDBs) and local agencies with respect to recruiting and contracting with intermediaries. DWD should also make transitional jobs a focal point for its continuing efforts to integrate service delivery among workforce programs.
- Final design and implementation of transitional jobs should be conducted in close consultation with the Department of Health and Family Services to ensure that participants retain maximum eligibility for and access to food stamps and medical assistance.

D. Intermediary/employer recruitment and worksite development

1. Responsibility and process

Recommendation: The specific process by which transitional job worksites are established in a given region or locality will depend upon the extent to which that region or locality relies upon an intermediary-based service delivery model.

- Where intermediaries are used, those intermediaries should be recruited through partnerships between DWD, regional WDBs, local W-2 agencies, advocacy groups, and other partners in order to implement the intermediary model those partners consider best for that region.
- Once established, intermediaries should work with the partners that recruited them to identify and recruit individual worksites at which to place participants.
- In the event a region elects not to use an intermediary model (or elects to continue, in addition to the use of intermediaries, to recruit some employers directly to provide worksites), directly-employing worksites should be recruited through partnerships between DWD, regional WDBs, local W-2 agencies, advocacy groups, and other partners.
- The recruitment of intermediaries, of worksites by intermediaries, and of directly-employing worksites should:
 - be coordinated so as to ensure sufficient statewide availability of transitional job placements while taking into account particular regional or local circumstances, resources and needs, and
 - be as streamlined and informal as is compatible with applicable state and federal laws and the needs of the program.

2. Targeting specific labor market sectors

Recommendation: In recruiting intermediaries (or direct employers) and developing worksite placements, a transitional jobs program should:

- Provide for local flexibility to assemble whatever combination of for-profit, non-profit, or public-sector placements will provide sufficient statewide and regional placements with the desired attributes.
- Encourage placements in sectors that:
 - are experiencing statewide or regional labor shortages or serve other regional or local employment and workforce development objectives, and
 - offer opportunities for permanent placement, job advancement, and upward mobility.

3. Encouraging the provision of transitional job worksites

Recommendation: The principal incentive to serve as an intermediary, as a worksite receiving placements from an intermediary, or as a directly-employing worksite should be a substantially larger subsidy than that currently available under the Trial Job component of W-2.

- The subsidy paid either to an intermediary employer or to a directly-employing worksite should be sufficient to cover:
 - that portion of the participant's wages representing the minimum wage times the hours worked, and

- reasonable costs (to the intermediary or to the worksite) of the participant's Unemployment Insurance, Worker's Compensation coverage, and Social Security (FICA) taxes.
- The manner in which any portion of a program subsidy to an intermediary is passed along to a worksite, or expenses related to that worksite are shared between the intermediary and the worksite, should be determined through negotiation between the intermediary and the worksite.
- Transitional jobs should be implemented in a way that minimizes disincentives to worksite participation.
 - The use of intermediaries to perform payroll administration and other functions offers one means of reducing administrative burdens on worksites and encouraging worksite participation.
 - Although worksite providers should be encouraged to hire a transitional job participant for a permanent job at that worksite at the conclusion of the transitional job placement (see standards for worksites, below), a specific commitment to do so should not be required of worksites.

4. Required standards for intermediaries/employers and worksites

Recommendation: Intermediaries, worksites recruited by intermediaries, and directly-employing worksites should be expected to agree to the principles of the program and to provide real work situations while recognizing that some participants may need additional supports in those situations.

- Intermediaries, worksites recruited by intermediaries, and directly-employing worksites should be required to abide by all relevant fair labor practice laws and regulations, including federal TANF and state W-2 program prohibitions on displacement of non-W-2 workers.
- Apart from labor practices issues regulated by law, the initial process of selecting and contracting with intermediaries and directly-employing worksites, as well as any subcontracting processes by which intermediaries recruit individual worksites under an intermediary model, should be the principal mechanism for encouraging intermediaries and worksites to meet program expectations.
- Whether performed directly or through intermediaries, the recruitment and development of worksites should maximize opportunities to convert transitional jobs into permanent ones.
 - Worksites should be selected based on an expectation that the worksite will *consider* hiring the participant on a permanent basis once the transitional job subsidy ends.
 - Worksites should be required to provide the intermediary, the W-2 agency, and the participant with evaluations of the participant's work performance and skill development, particularly any evaluations bearing on a decision not to hire that participant on a permanent basis.
- DWD should develop specific guidelines detailing expectations of intermediaries and worksites and the workings of the contracting and subcontracting processes.

E. Other implementation issues

1. Maximizing funding sources

Recommendation: Given the current state fiscal situation, the transitional jobs program should be implemented in such a way that it is capable of being funded exclusively by the state's TANF grant. However, the state should continue to explore ways in which the transitional jobs program, once established, could be expanded to include additional public or private funding sources designated for services to specific populations or industry sectors.

2. Referral rate guidelines and other operational and performance standards

Recommendation: In implementing a transitional jobs program, DWD should develop performance standards that encourage W-2 agencies to place an eligible client in a transitional job if that client chooses to participate in one. Any such performance standards should be tailored to, or designed to take account of, the actual availability of transitional job placement slots in a given locality.